

## STATE OF CALIFORNIA

In the Matter of: ) Docket No. 98-AFC-1  
 )  
Application for Certification )  
for the Pittsburgh District )  
Energy Facility )  
 )

## INFORMATIONAL HEARING

Marina Community Center  
340 Marina Boulevard  
Pittsburg, California 94565

Thursday, September 3, 1998  
5:00 P.M.

Reported By: Janene R. Biggs, CSR No. 11307

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A P P E A R A N C E S

Commissioners Present:

DAVID A. ROHY, Presiding Member

MICHAL C. MOORE

Committee Member Present:

STANLEY VALKOSKY, Chief Hearing Officer

BOB ELLER, Advisor to Commissioner Rohy

SHAWN PITTARD, Advisor to Commissioner Moore

For the Staff of the Commission:

Dick Ratliff, General Counsel

Eileen Allen

For the Applicant:

JEFFREY C. KOLIN, City of Pittsburg, City Manager

DAVID PARQUET, Vice President, Enron Capital & Trade  
Resources Corp.

TIMOTHY J. COHEN, Vice President, Woodward-Clyde

JOAN HEREDIA, Air Technical Expert, Woodward-Clyde

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P R O C E E D I N G S

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THURSDAY, SEPTEMBER 3, 1998

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PITTSBURGH, CALIFORNIA 5:00 P.M.

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Commissioner Rohy: Good evening. I'm

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David Rohy. I'm the vice chair of the Energy

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Commission to evaluate the application that we'll be

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discussing tonight. On the Commission is

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Commissioner Moore, to my left. The second member of

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the committee, Stan Valkosky, who will be our hearing

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officer tonight, and advisors for Commissioner Moore,

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Shawn Pittard, and for myself Bob Eller, to my right.

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It is our hope that this process will be a

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very quality project -- process to evaluate all the

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inputs and other issues surrounding the application

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before us tonight. We look forward to early in the

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process and continuing interest as we go through this

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rather detailed process that will be described to you

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during the presentations tonight.

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With that I will hand the proceedings over

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to Mr. Valkosky and we'll begin.

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MR. VALKOSKY: Thank you, Vice Chair.

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Before we begin, I'd like the parties, the

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staff, the applicants and any other participants in

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this proceeding or representatives of agencies to

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identify yourselves. You in the audience, please raise

1 your hand. We only have one working microphone  
2 tonight.

3 MR. RATLIFF: I'm Dick Ratliff.

4 MS. ALLEN: Eileen Allen, the Energy  
5 Commission's project manager for the Pittsburg district  
6 Energy facility project.

7 MR. PARQUET: Up here as I speak is myself,  
8 David Parquet, vice president with Enron. Tim Cohen,  
9 Woodward-Clyde, Jeff Kolin, the City Manager for the  
10 city, and Joan Heredia, from Woodward-Clyde as well.

11 MR. VALKOSKY: Are there any other  
12 representatives, parties to this proceeding, or  
13 interested agencies who would like to identify  
14 themselves?

15 MS. POOL: My name is Kay Pool. I represent  
16 the California Communities for Reliable Energy.

17 MR. VALKOSKY: Is there anyone else? Okay.  
18 Thank you. Before we --

19 MR. JANG: Dennis Jang, Permit Engineer for  
20 Bay Area Air Quality.

21 MR. VALKOSKY: Before we begin, I'd like to  
22 provide some background comments.

23 Today's informational hearing is the  
24 first public event conducted by the Committee of  
25 Commissioners is part of the Energy Commission's  
26 licensing proceedings in the Pittsburg district

1 generating facility. Notice of today's hearing was  
2 sent to all parties, interested governmental agencies,  
3 and other individuals on August 6th, 1998.

4 In addition, notice of today's event was  
5 published several times in local newspapers. The  
6 documents which will be discussed in a portion of  
7 today's hearing include a staff issue's identification  
8 filed on August 24th. We have copies over at the table  
9 (indicating) for any of you who may not have them.

10 Today's event is a first in a series of  
11 informal hearings which will extend over approximately  
12 the next year. Commissioners here today will  
13 eventually issue a proposed decision pertaining your  
14 recommendations on the proposed power plant. It is  
15 important to note that these recommendations must, by  
16 law, be based solely on the evidence contained in the  
17 public record. To ensure this happens and to preserve  
18 the integrity of the Commission's licensing process,  
19 commission regulations, and state law, which is the  
20 Administrative Procedures Act, expressly prohibit  
21 off-the-record contacts between the participants to  
22 this proceeding and the commissioners, their advisors  
23 and the hearing officers. This is known as the  
24 ex parte rule. This means that all contacts between a  
25 party to this proceeding, that is, Commissioners Rohy  
26 and Moore and their in staff, concerning a substantive

1 matter must occur as contacts of public discussion,  
2 such as today's event. The purpose of this rule is to  
3 provide full disclosure to all participants of any and  
4 all information which may be used as a basis of a  
5 future decision.

6 The purpose of today's hearing is to provide  
7 a public forum to discuss the proposed Pittsburgh power  
8 plant, describe the Energy Commission's review process,  
9 and to identify the opportunities of the public  
10 participation of this process.

11 For those interested, we'll hold a visit to  
12 the project site at approximately 6:30. There will be  
13 buses provided, and I'm told the site tour will take  
14 approximately 30 minutes. If we're not finished with  
15 our presentations at the time of our tour, we will  
16 recess, take the tour, and reconvene after.

17 During the course of today's proceeding,  
18 we'll proceed in the following matter:

19 First, commission staff will provide an  
20 overview of the Commission's licensing process and it's  
21 role in the proposed energy facility.

22 Next, Ms. Roberta Mendonca, the Commission's  
23 public advisor, will briefly explain how to obtain  
24 information about and participate in this licensing  
25 process.

26 Finally, the applicant will describe the

1 project, and explain its plans in developing the  
2 project site.

3           Upon completion of each of these  
4 presentations, Interested agencies and members of the  
5 public present may question the presenters.

6           Following this and following the site visit  
7 we'll return to the discussion of scheduling and other  
8 matters that were addressed in the Staff's August 24th  
9 Issue Identification Report.

10           Are there any questions of the procedure?

11 Thank you.

12           With that, we'll start with Staff's  
13 presentations concerning the licensing project and its  
14 role.

15           MS. ALLEN: While Roger is getting the  
16 slides up, I'll be dealing with the slides that are  
17 noted in the handout that looks like this (indicating).  
18 If any of you has the set that wasn't stapled, we  
19 apologize.

20           The slides are in order, Number 1 through  
21 19. So for this presentation on the Energy Commission  
22 process, I'll be dealing with slides 1 through 6.  
23 Within that group 1 through 6, there are three slides  
24 marked 3-A, 3-B, and 3-C. So altogether there will be  
25 nine slides I'll be talking about.

26           I introduced myself as the Energy

1 Commission's project manager for this project. We're  
2 here for the informational hearing and site visit on  
3 the Pittsburgh District Energy Facility Project, which  
4 was proposed on June 15th.

5 Here's (indicating) a list of contacts,  
6 people that you can talk to for more information. My  
7 telephone number is there at the top, on the left.  
8 Feel free to call or E-mail me with questions.

9 Susan Gefter, the Commission's hearing  
10 officer assigned to this project, is noted there with  
11 her telephone number. Mr. Valkosky is filling in for  
12 her tonight because she is ill. She has an E-mail  
13 address also.

14 Roberta Mendonca, the Commission's public  
15 advisor is noted there with her telephone number and a  
16 toll free number.

17 Representing the City of Pittsburgh we put  
18 down Mr. Jeffrey Kolin, whose the Pittsburgh City  
19 Manager, and he's at this table here (indicating),  
20 along with the telephone number for the Planning City  
21 Manager, Randy Jerome, with the city.

22 And then if you'd like information from the  
23 applicant, the Enron Corporation, we have the telephone  
24 number for David Parquet and his E-mail address.

25 This slide gives you an overview of the  
26 Energy Commission's siting process. The Energy



1 Commission has jurisdiction over thermal power plants  
2 that are proposed with a capacity of 50 megawatts or  
3 greater. So these plants must be fuel burning and have  
4 a capacity of at least 50 million watts. If you need  
5 more explanation later about megawatt, I'll be happy to  
6 talk to you about that.

7 In addition to dealing with the proposed  
8 power plants themselves, we deal with all the related  
9 facilities, such as transmission lines, natural gas  
10 lines, and water lines.

11 In this case, the Enron Corporation has  
12 proposed building a reclaimed water line that would  
13 connect the project with the Delta Diablo Water  
14 Treatment Plant. They've also proposed a truck bypass  
15 road. So we'll be dealing with all those facilities  
16 related to the proposed power plant.

17 The Energy Commission is the lead State  
18 agency for the California Environmental Quality Act.  
19 That means that we're responsible for analyzing the  
20 environmental impacts of the project and determining  
21 how to mitigate them.

22 We're also coordinating the permitting  
23 process and the impact analysis process for the  
24 federal, state, and local agencies that have an  
25 interest in the project.

26 Examples of the federal agencies that have

1 coordinate efforts are the Environmental Protection  
2 Agency. At the state level, the California Air  
3 Resources Board. At the regional level, Dennis Chang  
4 from the Bay Area Air Quality Management district is  
5 working with our quality engineers and the analysis of  
6 the project, and he introduced himself there  
7 (indicating). And with the local level, we'll be  
8 working with the cities of Pittsburg and Antioch to  
9 make sure that any local concerns and any local  
10 ordinances are incorporated into our process.

11 As much as possible, we try to have an  
12 overall umbrella process for the permits that are  
13 required. A keystone of our process is that it is  
14 entirely open to the public.

15 I'm on slide 3-A now. As far as your  
16 handout, it looks like this (indicating). A major goal  
17 that we have for our process is to get public input.  
18 We need to hear about your concerns. We want to give  
19 you a feeling of confidence that we are interested in  
20 what you have to say, and that we want to incorporate  
21 your concerns in our analysis.

22 All the hearings are open. We typically  
23 notice any public meeting 10 to 14 days in advance, and  
24 we try for 14. All the meetings and workshops are  
25 open. In that context, the staff will be having a date  
26 request a workshop to talk with the applicant about

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1 whether the applicant has any clarification that they  
2 need on our first set of technical questions seeking  
3 information. That workshop will be tomorrow morning at  
4 10:00 o'clock. It will be Cannon Community Park. Any  
5 members of the public are invited to that, and that's  
6 an example of the workshop we're holding in the  
7 community. We try to hold as many workshops and  
8 hearings as we can in the community, in the area where  
9 the power plant is proposed.

10 Land owners get formal notices of these  
11 workshops. Any land owner within a thousand feet of  
12 the proposed site is on a land owners' mailing list,  
13 and any land owner within 500 feet of the linear  
14 facility associated with the project is on this mailing  
15 list.

16 If you'd like more information about how to  
17 participate in the process, feel free to get in touch  
18 with our public advisor who's there at the back of the  
19 room.

20 This (indicating) gives you a graphic look  
21 at the parties that are involved in the Commission  
22 siting process. Starting with the committee, right  
23 below the Commission there, the committee is the  
24 decision-making group. They are the ones that at the  
25 end of the 12-month process decide yes or no on whether  
26 this project will be given a permit to proceed and

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1 construction can begin or not.

2 People who are interacting with the  
3 committee, or the parties I should say, are the  
4 applicant, the Commission staff and the intervenors.

5 The committee consists of two of the five  
6 commissioners, and the committee for this project is  
7 Commissioner David Rohy, the presiding member, and  
8 Commissioner Michal Moore. So in addition to the three  
9 parties noted there in the middle on the horizontal  
10 line, the Commission staff is seeking comments and  
11 input from the other agencies that have an interest in  
12 these projects and other agencies that without the  
13 Commission's overall permit authority would be normally  
14 involved in permitting these kinds of projects.

15 So an example of an agency that we're  
16 working closely with is the Bay Area Air Quality  
17 Management District.

18 The members of the public are there,  
19 interacting with the Commission staff through public  
20 workshops and any number of public comments that we  
21 receive.

22 The final party noted there is the public  
23 advisor, and she's interacting with the intervenors, as  
24 well as the members of the public.

25 The intervenors of this project are  
26 California Unions for Reliable Energy, Ms. Pool

1 introduced herself, and Pacific Gas & Electric.

2 There may be new intervenors further along  
3 in the process, but at this point it's just those two.

4 Sometimes we can really lay it on with the  
5 color, so this is a graphic that just lays out  
6 chronologically the major steps in our process. We  
7 started out with prefiling, where the applicant has a  
8 period where they can talk with the staff informally  
9 about the kind of information that we need to see in  
10 the application for certification.

11 So that process has occurred. The applicant  
12 filed their application for certification on June 15th  
13 of this year. That began a 45-day data adequacy period  
14 where the staff is looking over the application for  
15 completeness.

16 The major items involved in that process in  
17 addition to the staff looking over the application for  
18 completeness are the filing data adequacy worksheets,  
19 where the staff notes any information that it needs  
20 once it reviews the original document filed.

21 The staff completed its data adequacy  
22 worksheets, and then there was a supplemental filing in  
23 July. The staff found as a result of the supplemental  
24 filing that the application was complete, and then the  
25 application was accepted complete on an official basis  
26 at the Commission's business meeting on July 29th of

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1 this year. That starts the Energy Commission's  
2 12-month process at that point, where the application  
3 is accepted as complete. So that would be noted as Day  
4 Zero.

5           Once we're at Day Zero, the Staff's process,  
6 called discovery, which is a fact-finding process, or  
7 information gathering process, begins. So right now  
8 we're in the data request and information gathering  
9 phase, and we're also having the information hearing  
10 and the site visit. So we're at the very beginning of  
11 the discovery period. Later on we'll have more data  
12 request and data response workshops with the  
13 possibility of some issue oriented workshops given  
14 sufficient public interest.

15           The discovery period is followed by the  
16 staff going through an analytical period where they  
17 gather the information that they need, and then they  
18 come to preliminary conclusions about the impacts of  
19 the project. The conclusions are published in  
20 something called the Preliminary Staff Analysis or the  
21 PSA.

22           Following the publication of the Preliminary  
23 Staff Analysis, there are a series of workshops where  
24 there is a chance for the public to be able to take a  
25 look at the document, give the staff their ideas and  
26 thoughts on the completeness of the document, any

1 issues that they'd like to have the staff add to the  
2 analysis or consider.

3 That's followed by something called the  
4 Final Staff Analysis, which gives this chance -- which  
5 gives the staff a chance to incorporate more public  
6 concerns that they heard during the workshop period.

7 The prehearing conference is in there, and  
8 that's a Commission Committee event, so that's chaired  
9 by the Committee's presiding member, and that's a  
10 chance for all members of the public and other  
11 interested parties to assess the issues as they've been  
12 identified at that point in the preliminary staff  
13 analysis of the workshop.

14 The analysis phase is followed by a series  
15 of evidentiary hearings, that which is a Committee  
16 event. That's followed by the Committee's decision.  
17 They publish a draft proposed decision.

18 There's another public comment period and  
19 oral and written comments are accepted in that period.

20 There's a formal hearing, and then that's  
21 followed by the Commission's decision.

22 The final step in the process is called the  
23 Compliance Period, where there are a number of  
24 conditions that the staff has worked with the applicant  
25 and all the other interested parties on to ensure that  
26 once project construction begins, if the project is

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1 approved, that the project is built according to the  
2 agreements that have been reached regarding mitigation  
3 environmental impacts.

4           This slide is just an overview related in  
5 the things that we'll be looking at for this proposed  
6 project. Related to the power plant are the linear  
7 facilities that are proposed. There's a new electrical  
8 transmission line proposed that's approximately a mile  
9 and a half, or 1.6 miles long, a 3.6 mile natural gas  
10 line, and an approximately 2 mile long reclaimed water  
11 line, and then the truck bypass road that would be  
12 within the map there (indicating), is also part of what  
13 we'll be looking at. All these linear facilities that  
14 I'm talking about are noted on that map over there  
15 (indicating).

16           The staff will be addressing issues related  
17 to public health and safety, environmental consequences  
18 with the project, and the engineering aspects of the  
19 project. All these things will be addressed in the  
20 Preliminary Staff Analysis and the Final Staff  
21 Analysis.

22           The analysis will focus on the project's  
23 compliance with local, regional, state and federal laws  
24 ordinances, regulations, and standards.

25           The environmental assessment will identify  
26 the environmental consequences of the project, identify



1 mitigation measures that would be designed to lower the  
2 impacts of the project to an insignificant level, if  
3 possible, evaluate alternatives to the project, and  
4 recommended conditions to the certification.

5 Our goal here in this process is to  
6 facilitate public and agency participation.

7 The final slide for this presentation is how  
8 you can obtain information documents. The application  
9 for certification and the supplement are available in  
10 the public libraries in Pittsburg and Antioch. Also,  
11 the county main library in Pleasant Hill has a copy of  
12 this material. This material is also available in the  
13 Energy Commission library in Sacramento. You can go to  
14 the Energy Commission's website to get more information  
15 about our process and the Pittsburg project there.

16 Another source of information is dockets  
17 from the Energy Commission. They told me this  
18 afternoon that the E-mail address is actually "docket"  
19 singular. So if you're on the computer and you type in  
20 "dockets" plural as I've noted there, I think it might  
21 not come out right. So please keep in mind I made a  
22 slight mistake there. It's actually "docket" singular.

23 That concludes my presentation on the Energy  
24 Commission siting process.

25 MR. VALKOSKY: Thank you Ms. Allen.

26 Are there questions from any members of the  
17

1 public in the audience on anything that Ms. Allen has  
2 covered concerning the Energy Commssion's role?

3 Okay. Up next, Ms. Roberta Mendonca, the  
4 Commission's public advisor will explain the public  
5 participation.

6 MS. MADONZA: Thank you, Stanley.

7 Good evening and welcome. It's a great  
8 pleasure to see so many community members here this  
9 evening.

10 Actually, to kind of warm you up a little  
11 bit, I'm sure that you've begun to realize that this  
12 process that is now under way is not the same thing as  
13 getting a driver's license. It's a little bit more  
14 complicated. So the statute that set up the Energy  
15 Commission created my office, which is the public  
16 advisor, to assure you as members of the public, that  
17 you would have a person to whom you could come with the  
18 questions, "What do I do? How do I get my point  
19 across? Who do I speak to? What's happening now, and  
20 what does it mean?"

21 So basically I'm here -- I'm not a party of  
22 the Commission staff. I'm an independent neutral  
23 party. I'm here to serve the public and assure you  
24 that whatever you want to say, whether you like it or  
25 you don't like it, you have a way to get your point  
26 across.

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1                   So initially it's really easy. You can show  
2 up to a meeting like this. All of our meetings are  
3 open to the public.

4                   As a part of the public there will be an  
5 opportunity for you to comment. There will be an  
6 opportunity for you to ask questions.

7                   However, you might find that you prefer to  
8 get a little bit more involved and you would like to  
9 get internal documents that are distributed between the  
10 applicant and the other parties and the other  
11 intervenors. That process is called intervening. It's  
12 done by requesting Commission for that status to the  
13 commission, and I do have forms that I can make  
14 available for you.

15                  So if you become an intervenor, you become  
16 like a party, and you can join the group at the table.  
17 The advantage to that is when we get to our formal  
18 hearings you have an opportunity to cross-examine the  
19 witnesses. The role of the intervenor is not to be  
20 taken lightly. You do have responsibilities as well,  
21 and I'm happy to go over that with you.

22                  Eileen gave you a great idea as to how to  
23 find the documents that appear in the library here in  
24 Pittsburg. I was here last week and I went around town  
25 to the local cafes, and I put up a notice. I put up a  
26 notice here. I went to the school board and the

19

1 chamber. I'm hoping that we are getting the word out.

2 A very important small item. We have a  
3 sign-in sheet. It was at the entry table when you  
4 first came in. I notice that no one has signed in.  
5 There is a box on the sign-in sheet if you would like  
6 to be on our mailing list. So please be sure you do  
7 sign in, and if you want to be on the mailing list and  
8 you're not a land owner that's already getting out  
9 mail, please indicate that on the sign-in sheet.

10 Are there any questions? I think you have  
11 my 800 number. You can reach me toll free. I'm also  
12 on the internet.

13 MR. VALENTINE: Actually, I have one. Why  
14 in the world would you schedule this at 5:00 o'clock in  
15 the afternoon on a weekday? This is for the public,  
16 not so much for the Energy Commission as you're doing  
17 this for the citizens of Pittsburg. Most of us don't  
18 get out of work till 5:00. All of us are stuck on  
19 these jam-packed freeways. Common sense would tell me  
20 6:30, 7:00 o'clock. I happen to be off work today.  
21 That's why I'm here. Typically I don't get out of work  
22 till 7:00 and this is finished, over with.

23 I see quite a few citizens here. I think  
24 most of these people don't live here, in the suits and  
25 ties and nice skirts and dresses. This is for the  
26 citizens of Pittsburg. Common sense dictates do it

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1 when we are available. Not at your schedule. At our  
2 schedule. Our schedule says 5:00 o'clock is not  
3 appropriate.

4 I think those of you who showed up today are  
5 either off today or made arrangements to get here  
6 early. I happen to be off. I think this is really  
7 unacceptable to hold these workshops, these meetings,  
8 during the work hour. 5:00 o'clock, most of us are  
9 still at work. At 10 after 5:00 we're stuck on the  
10 freeway. 6:30, 7:00 o'clock is an appropriate hour to  
11 hold these kinds of meetings and workshops. Not  
12 3:00 o'clock in the afternoon and not 10:30 in the  
13 morning. That's not acceptable as a citizen of this  
14 city. 7:00 o'clock is more appropriate.

15 I'd like to know why in the world would you  
16 schedule these types of things when most of us cannot  
17 attend?

18 MS. MADONZA: I don't personally do the  
19 scheduling. I think your comments are well taken. The  
20 problem is we have a room full of people. For some  
21 people perhaps 5:00 o'clock was the right time, but I  
22 think that your comments will be heard. I think there  
23 will be an effort to ask people what is a good time.  
24 Perhaps the answers might bring a change.

25 Yes.

26 JIM MacDONALD: I was seconding his concerns  
21

1 about the time. This is my day off. I'd like to go  
2 there tomorrow, but I have to work, so I can't go.

3 The second thing is, 'cause the Air Quality  
4 Board is in the Sacramento area and Central San Joaquin  
5 area is notified in these proceedings, because it seems  
6 that looking at your maps, a lot of these drop out from  
7 these facilities. We're pretty much on the very edge  
8 of the Air Quality Management District. As far as I  
9 know, they don't have any air monitoring equipment  
10 here, and don't have any safety to make sure that air  
11 quality is being monitored, and as far as I know about  
12 monitoring the equipment over here, they're not really  
13 held responsible.

14 MS. MADONZA: I think we'll get to that  
15 question.

16 Is this an appropriate time?

17 One comment about not being able to come  
18 tomorrow, one of the roles of the public advisor, if  
19 you know in advance that you want to make a comment,  
20 and you're not able to attend, you can fax me that  
21 comment, and if I'm in the office the day before, I can  
22 bring it to the hearing. I will be at the hearings. I  
23 attend the hearings. Those comments can be raised. I  
24 can raise them for you. I can't give you the answer  
25 because you're not there, but I can raise issues that  
26 are properly presented to me in the hearing room.

22

1                   And Eileen, I don't know about the issue on  
2     air quality.

3                   MS. ALLEN: At this point, we're working  
4     with the Bay Area Air Quality Management District. The  
5     district is looking at the application. I can't speak  
6     to the location of the monitoring equipment.

7                   Dennis, you want to talk to Mr. MacDonald  
8     later, or do you care to respond to my putting you on  
9     the spot now?

10                  MR. JANG: I don't know. You're asking  
11     what?

12                  MR. VALKOSKY: Excuse me.

13                  MR. JANG: I didn't actually hear what you  
14     said. Sorry.

15                  JIM MacDONALD: I was asking where the  
16     monitoring stations were, if you had any in this area.

17                  MR. JANG: You know, I don't know where the  
18     closest ones are.

19                  MS. LAGANA: West 10th Street in Pittsburg,  
20     one in Martinez, one in Concord, and one in Richmond.  
21     Those are the five air stations in Contra Costa County.

22                  MR. JANG: Thanks.

23                  MR. VALKOSKY: Excuse me. Would you please  
24     be sure to use the microphone and identify yourselves  
25     for the record, because otherwise it's virtually  
26     impossible to hear.

1 MS. HEREDIA: My name is Joan Heredia. I'm  
2 going to be speaking on air quality this evening, so  
3 maybe what we can do is I'll come back to that during  
4 my presentation and I'll be glad to answer it for you.

5 MR. VALKOSKY: Okay. If there are no other  
6 questions for Ms. Madonza or Ms. Allen, I'll turn it  
7 over to the applicant, Mr. David Parquet for the  
8 project.

9 MR. PARQUET: Thank you. As I introduced  
10 myself, my name is David Parquet. I'm vice president  
11 of Enron Capital and Trade, a subsidiary of Enron.

12 My sound man is sitting here. We have to  
13 work with the sound effects so everybody could hear. I  
14 hope everyone can hear.

15 What I'm going to do is, we've got 45  
16 minutes until the buses leave, and what I'd like to do  
17 is divide this presentation up into three pieces.  
18 First I'm going to have Jeff speak about the city's  
19 involvement in this project and commenting on that.

20 Secondly, I want to talk a little bit more  
21 in detail about the project, the who, what, when, why,  
22 and how of the project to which we have some handouts,  
23 and I'll point out where you can keep your place in  
24 those.

25 And then last we have Tim Cohen, and Tim  
26 will talk about some of the key environmental issues.



1 The document must weigh about ten pounds, but in there  
2 there are a lot of issues relating to technical issues,  
3 environmental issues.

4 Tim's going to talk about three critical  
5 ones that have subsequent questions, and that is air,  
6 noise, and visual. So we're going to focus on those  
7 three. Those aren't the only ones. Those are the  
8 three we're going to talk about.

9 We're going to take the bus, and I don't  
10 know if we're going to have time for questions and  
11 answers before the bus comes, but maybe we can catch a  
12 couple of them. We can come back and we can stay as  
13 long as it takes.

14 So with that, I'd like to introduce  
15 Jeff Kolin, Pittsburg City Manager.

16 MR. KOLIN: Thank you Dave,  
17 Commissioner Rohy, Chairman Moore, Staff, interested  
18 community. My name is Jeff Kolin, and I'm the city  
19 manager for the city of Pittsburg. It is my pleasure  
20 today to welcome you to our city, the city of  
21 Pittsburg.

22 As many of you know, the city of Pittsburg  
23 has been an active participant in the electric industry  
24 deregulation process for several years. The city  
25 formed the California Municipal Gas and Electric  
26 Utility a couple of years ago, and this is actually our

25

1 second private public partnership project in the  
2 utility industry area. We currently own the Gas and  
3 Electric Distribution System on Mare Island in the city  
4 of Vallejo, and have operated the Gas and Electric  
5 Distribution System there as an island of energy for a  
6 little a year now.

7 The Pittsburg District Energy Facility  
8 represents a private public partnership effort by  
9 Enron Capital and Trade and Pittsburg Power Company.

10 Enron Capital and Trade was selected by  
11 nationwide request and proposal process to cooperate  
12 with research, evaluate and develop a variety of energy  
13 projects in the Pittsburg area.

14 Our alliance is guided by an agreement that  
15 spells out in writing how that evaluation,  
16 investigation, and implementation of various projects  
17 will occur, and it's a public document, and it's  
18 available should anyone wish to see it.

19 I think one of that cores of that agreement  
20 is that the city puts none of its capital at risk. One  
21 of the agendas we had in soliciting a partner to  
22 develop an engergy project here in Pittsburg is that we  
23 wanted to bring private investment into the city, and  
24 not list city general funds or tax funds to develop  
25 these kinds of facilities.

26 As such, Pittsburg Energy District Facility  
26

1 is one of the largest private capital investments  
2 proposed in our city in over ten years, but beyond that  
3 capital investment, Pittsburgh District Energy Facility  
4 will bring tremendous benefits to the city of Pittsburgh  
5 and to the community.

6 As you may have heard, our alliance  
7 agreement calls for profits from the Pittsburgh District  
8 Energy Facility to be shared, 60 percent to the city,  
9 40 percent to Enron Capital and Trade, and, yes, we are  
10 aware that the word is "profit." We have to be  
11 diligent in finding financial arrangements that guide  
12 us in determining how those profits will be used, and  
13 we need to monitor the expenses that will be charged  
14 against those revenues carefully in the process.

15 That revenue, or profit, from the PDEF  
16 facility will be used to reinvest in the community and  
17 infrastructure. Some of the first examples of that  
18 reinvestment have already been incorporated into the  
19 project proposed before this evening. You've heard  
20 them mentioned a couple of times already by the Energy  
21 Commission staff.

22 The first is the proposed alternative truck  
23 route. That portion of the project will be built when  
24 construction of the energy facility is commenced. The  
25 alternative truck road will incorporate a sound wall,  
26 landscaping, and it will also incorporate a

1 reconstruction of the park, which is located near the  
2 central addition of the Pittsburg/Antioch highway and  
3 include the relocation of the ball field and  
4 redevelopment of the park facilities at that facility.

5 I think this is just one example of how the  
6 profits from the Pittsburg District Energy Facility are  
7 planning to be used by the city, reinvestment to  
8 improve our infrastructure, improve our community's  
9 ability to attract highways, jobs, invest in  
10 technology, and improve our quality of life.

11 Pittsburg District Energy Facility will  
12 produce competitively priced electricity and steam. It  
13 will allow the city to compete in the regional market  
14 with an advantage to help us attract new industries,  
15 new business, new employers and create new jobs.

16 The Pittsburg District Energy Facility, as  
17 you will hear in more detail on technical  
18 presentations, will incorporate technology to help us  
19 ensure the lowest possible air emissions. It will  
20 incorporate the use of recycled water, reducing the  
21 amount of water currently discharged from the  
22 sanitation district into the Delta.

23 The Pittsburg District Energy Facility  
24 represents an innovative public private partnership in  
25 the development of a merchant cogeneration power plant.  
26 It incorporates long-term economic benefits for the

28

1 community, and substantial to the preexisting impacts.

2 Our experience with Enron thus far is that  
3 they've listened, that they're committed to addressing  
4 community concerns, and I think you'll hear a little  
5 later this evening about some changes that have already  
6 been incorporated by them based on concerns that we've  
7 heard from the community thus far.

8 I hope my comments and those of others this  
9 evening will communicate our excitement about the  
10 nature of this project, the benefits that it will bring  
11 to our community.

12 We believe that this location represents an  
13 area of the city which is zoned for heavy industry.  
14 The adjacent parcels which will be available for  
15 possible future development.

16 Once again, the city welcomes the California  
17 Energy Commission and the staff and states the support  
18 we have for the project.

19 We welcome you and I understand are ready to  
20 provide project information and assist any way we can.

21 I'd like to briefly also introduce, if I  
22 could at this point, a couple of elected officials that  
23 are joining us this evening. Councilwoman Lori Anzini.  
24 Councilman Frank Aiello. Chairman of our Planning  
25 Commission, Jack Garcia, and Planning Commissioner  
26 Allen Mello.

1                   MR. PARQUET: Thank you, Jeff. Let me point  
2 out a couple of documents and you can follow along.  
3 Most about what I'm going to say is on this fact sheet.  
4 It goes through the benefits of the project and also  
5 describes who, what, when, where, why and how.

6                   Also in here are some of the issues related  
7 worth knowing on the project. There's a handout over  
8 on the table. It not only has the black and white, it  
9 has all the white lines.

10                  Also the other side, we chose a little bit  
11 more technical schematic of what the project looks  
12 like.

13                  Last is a brief orientation. Basically  
14 we'll skip the first 18 pages. This is what we're  
15 going to talk about tonight. I'm going to skip the  
16 first part, and Tim's going to finish it up.

17                  A couple of things. One is, this fellow  
18 here is who does all the sound analysis, and you can't  
19 imagine how he helped us figure out which speakers  
20 would work and which wouldn't, which these have too  
21 much base.

22                  A little bit about Enron first. When we  
23 came to town, we weren't even a household word. You  
24 may have had heard some of our ads on T.V. about the  
25 deregulation market.

26                  Enron is primarily involved in wholesale

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1 activities. We're a large energy company, about \$20  
2 billion a year in revenue. We have operations all over  
3 the world. We're the largest independent explorer of  
4 oil and gas outside of the Chevrans and Texacos of the  
5 world.

6 We also have an international  
7 infrastructure, which is primarily developed and works  
8 overseas, roads, sewers, power plants, electric  
9 distribution lines. We participate in the energy side  
10 of those, gas, power plants.

11 We also have significant wholesale trading  
12 operations. We trade electrical power and we trade  
13 gas. We also now have one of the services which is a  
14 retail group. About ten percent of our business is  
15 retail. We have quite a few people in California,  
16 about 400 people who work right here in California.  
17 Right down in San Ramon we have an office. Tim  
18 represents the office in San Francisco. We have  
19 offices down in Bakersfield.

20 So let's a little bit about Enron. We try  
21 to be a creative company. For example, Fortune  
22 Magazine voted us the last three years the most  
23 innovative company in the country. Think about what  
24 that means. That's higher than Intel, Microsoft,  
25 Coca Cola. We don't do that by ourselves. We're not  
26 in business with ourselves. We wouldn't deemed to be

1 creative and innovative if we didn't talk to people and  
2 make deals with them.

3 Let's say we go through life together here.  
4 We can become a member of this community because we  
5 want to be creative with you. We want to be associated  
6 with the project, and that is our commitment, so  
7 remember that.

8 Let me now get into the other aspects of the  
9 project. What we're doing is we're going to develop  
10 the 500 megawatt gas-fired power plant. 500 megawatts,  
11 to give you a little prospective, there are two PG&E  
12 plants. One is 2,000 megawatts, in Pittsburg. This is  
13 one-fourth the size of that. The one in Antioch is  
14 about 780 megawatts, so it's about the same size. Also  
15 put into prospective a 500-megawatt plant serves the  
16 needs of thousands of homes.

17 The technology is state of the art  
18 technology, very efficient, different than the plants  
19 you see in the area, many of the plants you see in the  
20 area. The differences primarily are they are  
21 gas-driven generators. If you look at some of the  
22 schematics you see some of the things different or you  
23 look at the PG&E plants, they're different.

24 These gas turbine technologies use much more  
25 energy, as opposed to airplanes. Larger industrial.  
26 And the way that works is boosting energy to boost the



1 turbine. We use the energy. There's more energy in  
2 there than just that. The energy is also in the way it  
3 goes in and the way steam comes out. They go into the  
4 boiler. Take that in and then out, and it produces  
5 steam, and that is one of the things that this plant  
6 is, is it's called a cogeneration facility. It uses  
7 energy twice. That's a simple way of saying it.

8           What we do is prior to going all the way  
9 through the steam, take that steam out and extract it  
10 and plant the steam where they're purchasing it right  
11 now.

12           Altogether, about 10, 15 percent of all the  
13 energy that's produced by the facility is going to the  
14 U.S, and we're selling it to them at substantially  
15 lower rates than we're paying for it and they're  
16 getting a deal.

17           There is one benefit. The benefits that  
18 that lower price goes right to the U.S. fair market is  
19 they'll be paying less. That amount goes to make a  
20 more competitive citizen in the community. It allows  
21 them to expand, to grow, et cetera.

22           The other, say, 90 percent of the energy is  
23 going into the regulated market. You've all been  
24 reading the paper. Maybe a lot of you don't  
25 understand. Why does a lot of it go into the regulated  
26 market? Suffice it to say that things are changing.

1 There hasn't been any substantial new power plant  
2 involvement in California in years and years and years.  
3 You look at the generating facilities that are in the  
4 state today. Our facility produces energy at about  
5 30 percent less than other facilities. So for the same  
6 amount of fuel, we produce quite a bit more power. We  
7 wouldn't use fuel unless emission is going into the  
8 air.

9           So you look at things like that, and that  
10 figures into the changing market, in addition to the  
11 growth in California. We know that California is  
12 growing and power plants are needed. You have to have  
13 one or the other. So that's the way we're doing it.

14 California needs at least 6,000 megawatts  
15 for generation in this states for utilities. Where  
16 would you like to have a power plant if you could have  
17 it anywhere in the state and it takes three  
18 microseconds to send anywhere? Think of all the growth  
19 going on in this area. We need facilities like this.

20           A little bit about this, is the project will  
21 be financed by Enron, with the \$250 million. Capital  
22 cost is in the 70-, \$180 million.

23               So, as far as when, I think adding a little  
24   bit to what Eileen said about her schedule, you recall  
25   she ended that with 365 days and got a permit.

26                    That permit, if you follow a schedule, will  
34

1 be on or around August of next year. So we will time  
2 all of our other activities so that when we get that  
3 permit we will also have put together all of the year's  
4 activities, and that will be construction bypass road  
5 that will be the day we break ground on the plant.

6 In about the year 2001 the project expects  
7 to be in operation. For the permit will be received  
8 the middle of next year -- we'll break it down -- 2001  
9 is when we'll be in on ground.

10 Who is Enron? How we're going to do it. A  
11 couple of the benefits, economic and environmental. A  
12 little bit more of the economic gift.

13 I talked about the benefits. This plant is  
14 also being designed. It's being called an energy  
15 facility because we can sell in the market, in the  
16 area. We realize that the issue of what is appropriate  
17 to have surround the area has come up. I'm sure the  
18 citizens will be able to decide what is appropriate to  
19 have surrounding the area, but we can have make it or  
20 buy it, because we have a large amount of interest. If  
21 it's interesting to the community, we have available  
22 that. So that is up to the city fathers and sisters  
23 and mothers about how they want to go about and take  
24 advantage of that, but the opportunity is there.

25 More on economic development. We will get  
26 more about that. People ask why are they giving away

1 60 percent of the profits in the file. We don't look  
2 at giving away anything. We look at we would rather  
3 have city go farther than to go it alone. Could we go  
4 it alone? Yes, but we'd much rather have unanimous  
5 support of the city council. We have need to  
6 participate in the community and take their inputs.  
7 That will all result in the success of the project, and  
8 that will be done.

9           The way the thing works, repeating what Jeff  
10 indicated, we'll have a public fund obligation. We'll  
11 have an obligation of a fair market value contract as  
12 Jeff indicated, including things like construction,  
13 gas, and there's what might be a little bit more buying  
14 money for the project. We will shop for equity at the  
15 project. We share the facility.

16           Jeff already mentioned that the director  
17 made was. You're listening to the community. This  
18 player was an issue. We didn't think it was our issue,  
19 but fine we'll solve it. We hope that solving those  
20 issues along with the sound wall and also the truck  
21 bypass road will help each other.

22           Additional to our commitment, we talked  
23 about the public advocate; if you get her, you can get  
24 us.

25           There are two issues. We are going to open  
26 our office -- lease an office right down the street.

1 That's going to be an Enron office there. That will be  
2 open five days a week, Tuesday Saturdays. We're  
3 looking for questions, comments, complaints, criticisms  
4 so we can all reach consensus.

5 Other things should be imposed to members of  
6 the local community in as well as other interest rates.  
7 We'll have things we want to decide that may have an  
8 impact on you but -- for example, the sound wall.  
9 We've got a lot of people calling in with a lot of  
10 different opinions about the sound wall. Fine, we will  
11 establish a budget. We will take it to the Commission  
12 and say, "Look, we'll do all the information for you  
13 and build the sound wall."

14 Jeff mentioned the ball field. When we  
15 first came here we noticed that the ball field was in  
16 the way of the bypass road. The other thing we noticed  
17 is that the kids had a hard time getting there. They  
18 had to go down the Pittsburg/Antioch Highway, right on  
19 the shoulder of the road with their bikes. We noticed  
20 there weren't a lot of people there either. Not a lot  
21 of kids out there. So we'll put in a bike path in the  
22 overcrossing, over into the ball field.

23 So those kind of things are things we want  
24 to hear about. So those are economic benefits and  
25 other things.

26 Environmental, a lot of issues there, and I

1 want to talk about air and water, and he'll  
2 (indicating) give you a little more detail.

3 Air is Joan's, but it's good to hear things  
4 a couple of times. We're going to emit air. We're  
5 going to have emissions. We have things like catalytic  
6 converters and that causes emissions. We're going to  
7 put in a facility that cleans up the rights that will  
8 be the lowest achievement of any plants of this size in  
9 the world.

10 So that's where we're going to start. We're  
11 not going to stop there. Those of you who know about  
12 the Bay Area Air Quality knows we have to have approved  
13 methods.

14 It doesn't stop there. We have had comments  
15 from people who understand how this works and thinks  
16 like that. We're going to commit as close as possible  
17 to Pittsburg, and we're very close by, the offices, but  
18 it doesn't stop there.

19 You say, "Well, okay. Now, that's good."  
20 Think about the fact that you've got two power plants  
21 on either side of you. These power plants are  
22 necessary, so we start our facilities up. What's going  
23 to happen? So we compete with those plants at a  
24 competitive environment. We're going to win more  
25 dimensions if we choose to. Will that cause them to  
26 shut down? I don't know. What I do think it will do

1 is show them we're going to attach onto their pant leg,  
2 cause another pressure to the power plant. What  
3 happens when they get power in? They will get the same  
4 state-of-the-art technologies that we have. So over  
5 the long term, I can't guarantee this, but if I was  
6 them, that's what I'd be thinking about a plant like  
7 this.

8 Remember most of the plants in this state  
9 are plants that were built 40 or 50 years ago. It's  
10 time. It's needed and we'll help.

11 So that's my presentation. Who, what, when,  
12 where, why, and how. You'll get briefed on the little  
13 sheet of paper you have there.

14 Tim will do his presentation now. It says  
15 he only gets 5 minutes but he gets 15. I think if  
16 that's acceptable to the Commission, we'll go out and  
17 look at the site after that.

18 MR. COHEN: Thanks Dave. My name is  
19 Tim Cohen with Woodward-Clyde. In very general broad  
20 terms an application for certification from the Energy  
21 Commission has essentially two primary substantive  
22 components. One is engineering information. That is  
23 how is the project designed, how will it be  
24 constructed.

25 And the second very broad topic is  
26 environmental issue. Based on the engineering project

1 description, the environmental analysis is done to  
2 assess impacts of the project.

3           The CDC regulations require that 17  
4 different environmental topics be addressed, and I  
5 encourage all of you who haven't had the opportunity to  
6 review them, do so.

7           We are only going to represent three key  
8 areas of environmental analysis this evening. Those  
9 are air quality, the noise impact analysis, and the  
10 visual impact analysis.

11           Those three as well as all 17 that are  
12 treated in the application are treated the same way in  
13 accordance not only with CDC's regulations, but with  
14 California Environmental Quality Act, because this  
15 document serves as an equivalent to the Environmental  
16 Impact Report under that act.

17           We're going to handle the three issues in  
18 the order of air, and noise, and visual, but before we  
19 do that, I'd like to introduce some key technical  
20 leaders who are here from Woodward-Clyde so that you  
21 can see their faces so if you have any questions  
22 afterwards or from the bus trip you'll know which  
23 individual you can go to. Obviously come to me at any  
24 time.

25           I'd like to introduce Robert Ray who is the  
26 project manager for the preparation of the application.

40



1 Robert knows every section intimately. He can answer  
2 any question or assist any member of the public who are  
3 looking for guidance.

4 Joan Heredia is our air technical expert.  
5 She was assisted by John Koehler, who's also here this  
6 evening.

7 And finally our noise analyst expert is  
8 Rob Greene.

9 I introduced them for the purposes of face  
10 recognition. If you have questions, please don't  
11 hesitate to ask. As this is an informational hearing,  
12 we're here to help understand and explain the analysis  
13 in any way we can.

14 With that, I'll turn it over to Joan who  
15 will talk to us about air analysis, and then I will  
16 talk briefly about noise and visual issues, and we'll  
17 get on those buses as close to 6:30 as possible.

18 MS. HEREDIA: Thank you, Tim. As Tim  
19 mentioned, I'm the air task leader. I oversaw all of  
20 the air quality analysis that was performed for the  
21 power plant.

22 I'd like to go ahead and flip to my slides.  
23 Primarily I'd like to talk to you about three things.  
24 One is the emission estimates that were prepared for  
25 the facility; talk to you a little bit about that.

26 Basically at the project right now they're  
41

1 looking at three different turbines. One from  
2 Westinghouse, G.E., and A.B.B. If you look at the AEC,  
3 you'll see that. We picked the turbine which had the  
4 highest potential for air quality impacts as the  
5 turbine that we're carrying out through the analysis.  
6 The reason that we're looking at three turbines is  
7 really for bidding purposes, and the reason that we  
8 picked that with the highest impact was to make sure  
9 that we would be most protective of the environmental  
10 worries in your area.

11 We also did a best available control  
12 technology analysis, in that Enron -- "we" being  
13 Woodward-Clyde -- but Enron being committed to  
14 purchasing and implementing the lowest achievable  
15 emission productions they could in this facility.  
16 They've gone with a best available control technology  
17 that is equivalent to what's required, as Dave said,  
18 lowest achievable emission rates, which has been  
19 established by the Southcoast Air Quality Management  
20 District, which is the most stringent air quality  
21 district.

22 And then I'm also willing to talk about air  
23 dispersion modeling, and then at that time I'll address  
24 your (indicating) comments to in regards to monitoring.

25 The other comment which came up earlier in  
26 regard to whether or not we would coordinate with other

1 air pollution control agencies, this facility will be a  
2 major source, and therefore, pursuant to law, EPA and  
3 bordering air agencies will have the chance to comment  
4 on these draft permits that are developed by the Bay  
5 Area Air Quality Management District. It will not be  
6 done tonight.

7 MR. MacDONALD: I called them today and they  
8 did not know about these proceedings tonight.

9 MS. HEREDIA: As I mentioned, they have the  
10 potential to comment at the time of the issuance of the  
11 draft permit. That's far down the road. However, I  
12 think if that's a great interest on the part of the  
13 public, I would have no problem, provided Bay Area  
14 would agree, in contacting them myself to make sure  
15 they are a part of the process and have an  
16 understanding of what we're doing.

17 As I mentioned, Enron intends to install  
18 best available control technology. I don't want to  
19 throw out too many technical terms at this point  
20 because air quality kind of has a whole acronym group  
21 unto itself, but what you see here (indicating) is NOx.  
22 That's nitrogen oxides. That's similar to what you  
23 would see coming out of your car. It's combustion --  
24 or byproduct of combustion. They're looking at a limit  
25 of 2.5 parts per million. That means for every one  
26 million particle, or 2.5 would be NOx. Kind of a

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1 simplification, but just to give you an idea of the  
2 magnitude, it is the lowest that has been proposed in  
3 the nation right now, and as I mentioned earlier, it's  
4 in accordance with Southcoast in their best available  
5 control technology guidelines, which is considered one  
6 of the most stringent air qualities in the nation.

7           We also proposed to use a clean burning  
8 natural gas with low sulfur content. I know that  
9 there's been some concern expressed in the past about  
10 the particulate from the PG&E facility. We feel that  
11 the use of the clean burning fuel, natural gas being  
12 the same sort of gas that comes into your home for use  
13 of your stoves or your water heaters has a very low  
14 sulfur content, and we anticipate that there will be  
15 very low particulate emissions from this facility. So  
16 hopefully you won't have the problems associated with  
17 like the boat cleaning and different things of that  
18 nature.

19           We'll also be using that clean burning fuel  
20 within -- there's a small auxiliary boiler there. That  
21 will also have best control technology as well as there  
22 will also be a cooling tower and that source also will  
23 be controlled as well. So Enron is committed to  
24 controlling the emissions to the maximum extent  
25 possible from this facility.

26           A little bit about air dispersion modeling.  
44

1 When we do air dispersion modeling as a standard, the  
2 inputs to the model are many. One of the areas where  
3 we start with is the meteorological conditions. So  
4 that's the wind direction, wind speed, temperatures in  
5 the area. That data was collected within the Pittsburgh  
6 area. We also collect background monitoring data in  
7 terms of the air contaminants that are already  
8 existing. That also was collected in the Pittsburgh  
9 area. There's a monitoring station on 10 Street. One  
10 exception to that is we did collect particulate matter  
11 from Concord, and the only reason that we did that was  
12 because this particulate matter was not available here  
13 in Pittsburgh. However, I would state, yes, for both  
14 Concord and Pittsburgh that data is collected in  
15 accordance with EPA standards, so we feel confident  
16 about the validity of the information.

17 The other input that goes into the model --  
18 can I just do questions right at the end, so I can get  
19 through it. Thank you. I don't mean to put you off.  
20 I most will certainly get back to.

21 Other inputs to the model is the actual  
22 operating conditions of the facility, such as the  
23 exhaust stack pipe, exhaust stack temperature, what the  
24 air pollutants are. What this graph here depicts is a  
25 just a summary of results of that modeling. In yellow  
26 you will see basically the results of the power plant

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1 in and of itself. The red is depicting the power  
2 plant, plus your ambient background concentrations that  
3 exist here in the area. The blue color is  
4 representative of ambient air quality standards, and  
5 those standards are established by the EPA and the  
6 State, and they're designed to be most protective of  
7 most sensitive population. So they're geared towards  
8 the elderly and children.

9 EPA and the Air Resources Board have  
10 established these standards of which ambient air  
11 quality that is less -- concentrations which is less in  
12 those standards are deemed to be in compliance and to  
13 not have any adverse health impacts. So as you can see  
14 from that graph, the power plant will have very low  
15 emissions, and then we're adding that onto the  
16 background, and in all cases, except you will note in  
17 the P.M. 24 hour, we are below all standards. The  
18 issue with the P.M. 24 hour is that the area actually  
19 already exceeds those standards. However, you'll also  
20 note that there's very little P.M. being put out by  
21 this facility, and we're actually below all significant  
22 levels established by the Bay Area AQMD.

23 We also performed an air toxic analysis from  
24 this facility. We looked at what they call a  
25 multipathway assessment, and a multipathway assessment  
26 that takes into consideration not only the inhalation

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1 of potential contaminants, but also dermal exposure for  
2 your skin as well as ingestion. So if you were to grow  
3 plants in your yard and subsequently eat them, that's  
4 also taken into consideration, or there's even  
5 consideration for children that eat the dirt. That's  
6 another part of multipathway assessment.

7           That assessment, when we performed it, we  
8 were well below the Bay Area AQMD significant criteria,  
9 which is one in a million. Bay Area will allow a  
10 facility to be permitted up to ten in a million, but  
11 you have to satisfy certain criteria, but for this  
12 particular case, we're even less than that significant  
13 criteria, one in a million.

14           In conclusion, I realize I've run over this  
15 rather quickly. As I stated, it's a rather complex  
16 issue, but I think in the time of interest, trying to  
17 move along, I'll conclude at this point, but I would  
18 like to say I'll be glad to answer any questions. I  
19 will be going on the bus tour. I will be available  
20 after the bus tour, coming back here, and as Dave said,  
21 we'll stay here until we answer your questions.

22           I'd like to turn it back over to Tim. I  
23 know you (indicating) had one question.

24           MR. PARQUET: Let's check with the time with  
25 the driver in the back.

26           I have a request and that is the reason for  
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1 the bus leaving at 6:30 was that by the time we got  
2 back it wasn't dark. It shouldn't be dark until 7:30.  
3 I believe if we take about five, ten more minutes for  
4 what you're doing, and then we go at 7:00 o'clock. The  
5 bus leaves at 7:00. Would that work? So we can have a  
6 little bit of question and answer before we go. We  
7 have to go by 7:00. Otherwise it will be dark and we  
8 won't see anything.

9 All right. Tim.

10 MR. COHEN: Okay. Our next two topics are  
11 the noise analysis and the visual analysis, and we will  
12 do this rapidly and efficiently, but again we're  
13 available to answer any questions at all for you.

14 I'm going to stand here because I'm going to  
15 be using these (indicating) two easel charts as we go.

16 Noise and visual as with all of the issues  
17 that are addressed in the application are addressed  
18 with the same methodology. That is, always look at  
19 existing conditions. Then look at what would happen if  
20 you added a power plant to existing conditions. Then  
21 look at those impacts and necessary radiation permits  
22 that would be necessary.

23 For the noise impact analysis, we looked at  
24 existing conditions by measuring noise levels in the  
25 community surrounding the project area. We then used a  
26 very conservative noise analysis to assess what the



1 impacts from putting a plant in that area would cause.  
2 Then we compared those results to not only CEC  
3 guidelines, but city of Pittsburg noise ordinance,  
4 which is part of the general plant.

5 Now, let me explain if you haven't read a  
6 noise impact section before. The noise people love to  
7 put letters -- lots of letters behind the numbers. So  
8 the main thing as we look at some of the numbers that  
9 are on the view graphs, it is to focus on the numbers  
10 rather than all of the units behind them.

11 But to summarize what the existing noise  
12 level for emissions be, 24 hour average noise at the  
13 nearest residence -- the application defines that  
14 residence to be in the East Eighth and Ninth Street  
15 area at Harbor, which is approximately 1800 feet from  
16 the center of the proposed plant site. That 24 hour  
17 average noise is 68 -- it's called DBA, which you may  
18 or may not know is measured in decibels, which is  
19 abbreviated DB. A means it's the A-weighted scale.  
20 And the letters behind that, Ldn, simply mean it's a  
21 level that let's it count both day and night, because  
22 it's a 24-hour average.

23 There were short-term measurements taken  
24 also, 5- and 15-minute random measurements taken around  
25 the community, and the noise ranked, for those  
26 short-term measurements, between 51 and 69 decibels.

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1 So just keep those ranges in mind as we continue to  
2 talk about noise.

3           What we did with that existing noise  
4 measurement was we took some very conservative  
5 assumptions and ran a commuter model, and one of the  
6 main conservative assumptions that we used was that in  
7 the new plant, all equipment would be running all the  
8 time. That's not a situation that would ever likely  
9 occur in reality, but, again, it's a conservative  
10 effort, so that every piece of equipment that could  
11 possibly generate noise is generating noise in the  
12 model.

13           We based the noise on similar facilities  
14 that are already operating throughout the United  
15 States, and measurements that have been taken for those  
16 facilities. So that's where the noise input  
17 measurements came from.

18           Then the model itself was run consistent  
19 with both CEC guidelines and standards that are used in  
20 similar industrial situations.

21           The impact results are that the noise  
22 generated by the new plant would be at a level less  
23 than existing ambient noise measured in the community.  
24 Remember the 68 number earlier? The noise modeling  
25 shows that at the closest residence, the noise level  
26 would be 64 decibels. So less than current ambient

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1 noise levels that currently exist.

2 Noise from the transmission lines will be  
3 essentially inaudible, and both of those criteria both  
4 satisfy both CEC and local noise ordinances.

5 There are mitigation measures that the  
6 applicant has committed to as part of the application.  
7 One is that the plant design goal be less than 2 dBA  
8 existing noise levels. We have new input with more  
9 recent -- and since the application was submitted, it  
10 shows that the rise in existing noise levels will  
11 approximately be one half of the dBA, so almost zero.

12 Construction equipment, and there will be  
13 some construction noise measures, but construction  
14 equipment will be fitted with mufflers and silencers.

15 And then the truck bypass road, which both  
16 Mr. Kolin and Mr. Parquet have talked to, will have a  
17 sound wall associated with noise.

18 That's a very quick summary of noise, and  
19 I'll shift gears into visual, visual resources. And,  
20 again, we're available for any questions.

21 Visual resources, again, were looked at  
22 consistent with the way all of the environmental  
23 necessities were looked at, an analysis of existing  
24 conditions, what happens when you overlay the new plant  
25 over those existing conditions.

26 To look at existing conditions, aerial

1    photography and ground photography was used to take  
2    pictures of the community as it currently exists. Then  
3    information was taken from the engineer on the plant it  
4    was on, and three-dimensional computer models were set  
5    down into those existing photographs so that we could  
6    assess what visual impact of the plant as it would  
7    stand would be, and then evaluate with whether that was  
8    consistent or not with local policy in the local  
9    ordinances.

10                    In assessing the current views of the area  
11    before the plant, as you all know, the project location  
12    that's proposed is in an existing industrial area. The  
13    nearest sensitive viewing locations, that is, locations  
14    where you would be able to see the plant, are from the  
15    surrounding residential areas. Very similar as to  
16    noise. Realize that the existing views from those  
17    residential areas are already of an industrial setting.  
18    And those areas were primarily, again, East Eighth and  
19    Ninth Street, and then down along Santa Fe Avenue, but  
20    we also included views of the marina.

21                    And, again, to assess the visual impact --  
22    and this is an example if you can see it -- again I'd  
23    be happy to point out where the application -- all of  
24    these documents exist.

25                    Based on the engineering design of the  
26    plant, the computer model literally dropped it down to

1 scale as to what it would look like. This is an  
2 enlarged computer simulation of that. Those models are  
3 then used to generate, based on conditional viewpoints  
4 that were used in the existing photography, how you  
5 would be able to see that from different locations  
6 around the city.

7           And the impacts from that analysis were that  
8 no views of the waterfront or the marina or the hills  
9 would be blocked by the plant, and that views towards  
10 this area would not be adversely impacted, because it  
11 would blend in with existing industrial nature of this  
12 area.

13           For the area along the truck bypass road  
14 you'll see in the bottom of this (indicating) enlarged  
15 photo here, with the sound wall in the front, kind of a  
16 push. Views will either be improved or remain about  
17 the same, because existing ground level used from that  
18 area is industrial. The new view will be Greenbelt and  
19 South Wall.

20           That concludes the visual analysis, and  
21 Larry, did I neglect to introduce you at the beginning?  
22 I apologize that for.

23           This is -- I'd like to introduce  
24 Larry Gibley technical expert for visual analyses.  
25 Again, he'll be on the bus ride as well, as will all of  
26 us to answer any questions.

1                   Thanks for your attention for that very  
2   quick overview.

3                   MR. PARQUET: This is a segue into the Q&A.  
4   We have about 20 minutes, so a lot of people have asked  
5   us, one of the many, many times people have said, "Can  
6   you flip the plant to move it back some more, a little  
7   bit back from the residential area?"

8                   Our answer until this week, "We're  
9   evaluating, but we haven't seen a reason why we can't  
10  do it."

11                  We finished our evaluation, and we've  
12  finished it without telling the engineers we're going  
13  to do this, we have decided to flip the plant around.  
14  So when we go out and visit the site, what you'll see,  
15  is you'll see some fence associated with four outlines  
16  of the plant, as well as two great big flags. What  
17  we're going to do is, we're going to take the two  
18  stacks that you see right here and flip the plant  
19  around, which will move the stacks back to this area.

20                  We continually want to hear what you have to  
21  say. We have about 20 minutes of questions. This lady  
22  here has been waiting awhile.

23                  PAULETTE LAGANA: Paulette Lagana. I have a  
24  question for Joan.

25                  On page 22, when you did the PDEF air  
26  dispersion modeling, you said you took the air sample

1 results from Concord and from Pittsburg there,  
2 monitoring station results. Why wasn't the air  
3 monitoring station in Antioch used instead of the one  
4 in Concord?

5 MS. HEREDIA: Let me say that as far as the  
6 modeling goes, I know a little bit about modeling to be  
7 dangerous, but it's my understanding that that was  
8 deemed to be closer. I could go back and look at that  
9 information. I'd like to provide you maybe further  
10 information and look into that, but to be honest, I'll  
11 go back and ask the person who did the modeling and  
12 find out for you. I'd rather come back and give you a  
13 reason.

14 MR. GREENE: The reason is the wind goes  
15 that way (indicating), not that way (indicating).

16 JIM MacDONALD: It doesn't take into account  
17 the air quality that exists. It's a deliberate  
18 deception.

19 MS. HEREDIA: I think because it seems to be  
20 an interest to the public -- the -- question

21 JIM MacDONALD: It's a common question and  
22 seems to be a deliberate deception as to the actual air  
23 quality observed.

24 MS. HEREDIA: I guess in response to that,  
25 Woodward-Clyde stakes our entire liability on the  
26 environmental analyses, and it would not be within our

1 professional ethics to do something that was directly  
2 deceptive. What I would do in response to that  
3 question -- maybe what I would do is funnel the  
4 information back to the public person, and you can go  
5 ahead and contact her, and let's say we'll do it from a  
6 week from today's meeting and we'll make.

7 JIM MacDONALD: If you're not saying that  
8 ethics are involved then you must -- the air is  
9 85 percent -- it's either incompetence or ethics.  
10 Either way.

11 MR. PARQUET: Tell you what. As a member of  
12 the Bay Area here, if we, in fact, did something wrong,  
13 then we apologize.

14 We have another question.

15 MR. VALENTINE: My name is Allen Valentine.  
16 You mentioned that you wanted to do 2.5  
17 particles per million. Is that right?

18 I also read that you're looking for leeway  
19 to go up a little higher at some points to allow more  
20 emissions out beyond the 2.5. Nowhere did I see -- and  
21 I didn't read the whole thing, so it could be I'm  
22 speaking a little ahead of myself -- how much more  
23 leeway are you looking for to get permission from the  
24 city to go above that?

25 MR. PARQUET: The question was in our  
26 application. We replied only for two and a half parts



1 per million. The question was related to air.

2 MS. HEREDIA: I most certainly can respond  
3 to that.

4 First of all, I'd like to point out to you  
5 that when we did the back stop, as we called it, is  
6 three parts per million. When we did the modeling, all  
7 of our emission estimates, all of the offsets that  
8 we're going to obtain, they're all based on three parts  
9 per million so that if there is any issue, we've  
10 already more than accounted for.

11 The 2.5 is our -- well, Enron's desired  
12 goal, because they wanted to be the best in the nation.  
13 However, it needs to be understood that the technical  
14 realities are that Enron is pushing innovative  
15 technology, and just like, you know the EV cars, or any  
16 new technology as it comes out, sometimes there are  
17 growing periods as you go through that. Enron has  
18 obtained proposals from vendors which say that they can  
19 satisfy 2.5, but you also have to realize that there's  
20 some financial risk for Enron in all of this, and they  
21 need to be able to get backing from banks and various  
22 other areas. So they felt because they were being  
23 innovative, they wanted to be sure that they covered  
24 all of the options.

25 MR. VALENTINE: So what what's the answer?

26 MS. HEREDIA: The answer is they want to

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1 achieve 2.5, and that's what the plant is being built  
2 for.

3 MR. VALENTINE: I understand that, but that  
4 really wasn't my question. My question is how much  
5 leeway above the 2.5 or the 3 --

6 MS. HEREDIA: Not above the 3, sir.

7 MR. VALENTINE: Okay. When the plant's  
8 built I don't want to find out that we're actually  
9 doing 10 parts per million.

10 What I'd like to know is what events would  
11 occur that you would actually use 2.5 or 3 parts per  
12 million? It's stated here (indicating) that you asked  
13 for a variance to go above that, and that's acceptable,  
14 because you're coming up to it, but you haven't  
15 answered, "Well, maybe we'll go to 4. Maybe we'll go  
16 to 1," and what events would lead that plant to go  
17 above them.

18 MR. PARQUET: When we were putting these  
19 permit applications together, we were trying to provide  
20 business issues, you're exactly right. It makes so  
21 sense at all to promise something you can't deliver,  
22 and everything gets offset and bearings and all this  
23 kind of thing.

24 3 is lower than any other kind of this plant  
25 this size that I'm aware of. We wanted to go better  
26 that than. We were willing to say, no question about

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1 it, there is a -- I was just talking to Sam over here.  
2 When we put this application together, we're doing the  
3 south and north at the same time. The absolute answer  
4 to your question is 3. What we're trying to do is get  
5 the two and a half. If we get guarantees from our  
6 vendors that allow us to go two and a half or lower,  
7 that will be two and a half and that will be the  
8 permit.

9 MR. VALENTINE: So you're saying you won't  
10 go above 3?

11 MR. PARQUET: Exactly.

12 MR. VALENTINE: Thank you.

13 MR. PARQUET: Anymore question or comments  
14 that anybody has?

15 GREG: My name is Greg, and I'm with the  
16 Delta Diablo Sanitation District. We are very much  
17 anxious to see this project work in this area. We will  
18 be the provider of the reclaim water that will be the  
19 cooling powers for the project. We are very excited  
20 about this project in that it takes advantage of a  
21 resource that's very valuable in our community, and  
22 that's water, and it will take advantage of water that  
23 will be replaced for now and use it beneficially for  
24 its business. In that way we think that this project  
25 makes good sense from resource management prospective,  
26 and gives us an opportunity to enter into a recycle

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1 project. So from Delta Diablo's prospective, we're  
2 very anxious to see this project happen, and we're glad  
3 to work with Enron to help make it happen.

4 MR. PARQUET: Thank you. One of the things  
5 I did forget to mention, the issue relating to water,  
6 so thank you for mentioning that.

7 The last conversation about water was to  
8 decrease the size of the pipe, for example, because  
9 we're interested in the output, and maybe by doing that  
10 we can get our water and that will be the  
11 infrastructure that will allow Delta Diablo to use  
12 rather than divert into the Delta anytime we want.

13 MS. CHINN: I don't have a question either.  
14 I have a comment. I'm Nancy Chinn.

15 You touched on economic development, the  
16 whole bit, but in addition to the jobs they're going to  
17 create, I can see businesses coming in because of the  
18 lower possible utility rates. So somebody looking to  
19 move their business or expand could possibly come here  
20 because of lowering rates.

21 MS. GREBZ: Since there aren't any other  
22 questions, I have a comment, also. Mary Grebz,  
23 G-R-E-B-Z.

24 I was on the city council when we entered a  
25 partnership with Enron, and I'm pleased that we did  
26 that. I think this is an excellent project, not only

1 because the city of Pittsburg is going to participate  
2 in 60/40 -- I like the 60 -- and that is to be very  
3 meaningful to the city financially, but I'm really  
4 excited about the prospect of our now having additional  
5 tools. We are in an enterprised zone. We have a lot  
6 of goodies to give. We can take a good package now  
7 with lower energy rates and try to entice some good,  
8 clean, additional industries into our area and  
9 hopefully keep the ones that we currently have here,  
10 because it's the industry that pays the better  
11 salaries. They don't pay what some of the other stores  
12 that we've been able to recruit, so we keep looking for  
13 the industries that not only pay good salaries, it  
14 allows people to work in the East Contra Costa County  
15 area that will keep them off of Highway 4. I think  
16 it's good not only for the city of Pittsburg, but I  
17 think its good for the entire East Bay and Contra Costa  
18 County.

19 MR. YAZGAN: Yes, a few comments on the last  
20 two comments.

21 I guess it will contract industries,  
22 especially those industries that pollute the most, that  
23 destroy the water, that destroy the land, and if they  
24 do create jobs, I'm wondering if they're going to be  
25 union jobs, or if they're going to be close to minimum  
26 wage jobs.

1                   And this myth about electricity rates that  
2   are going to be lowered, I don't know where people are  
3   getting this idea from, because last week in the  
4   Chronicle there was a report, that if there wasn't a  
5   moratorium on the great of industry today, anybody that  
6   was living in Pittsburg or Antioch or Bay Point would  
7   be paying 300 percent more to the industry, if it was  
8   like deregulated, and Enron and other companies come in  
9   and compete, as they call it, in the free market. So  
10  we have to keep those in mind too.

11                   Thank you.

12                   MR. PARQUET: Thank you for the comment.

13                   Let me make a comment. One, you mentioned,  
14  jobs, minimum wage, union. We're talking about when  
15  the operation and construction will begin, and we are  
16  right now negotiating those agreements.

17                   Secondly, give you a little bit of  
18  prospective on power prices in California. Today,  
19  powers are frozen. They're going to be frozen until  
20  the year 2001. The reason that the legislature did  
21  that was so that we could work out some of the  
22  anomalies in the market today. When the market figures  
23  out how to work on the independent system operator, it  
24  will take over the grid from the utilities, get it  
25  running, get control of who's running it, the  
26  procedures going, and other things. So you're right.

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1 There is some volatility now, but all consumers are  
2 protected from those.

3           Probably the correct answer to that is a  
4 power plant like this can reduce prices for consumers.  
5 Number one, it will reduce prices for those consumers  
6 who are connected to the project. We can connect the  
7 U.S. powers. We can connect, for example, a nearby  
8 residential area with the power plant that's built, and  
9 that will be done in competition with the PG&E. So  
10 there would be that competition, Project Pittsburg  
11 versus PG&E. What do you think's going to happen?  
12 Prices are going to be lower.

13           Now, over the long term, if you want to get  
14 some simple facts, they've probably got a 2,000  
15 megawatt transmitter. California's people only have  
16 about 45 or 50,000 megawatts. Only about 15,000  
17 megawatts come from the outside. There's some nuclear  
18 power plants that have to run or they'll shut down  
19 inside. There's some other plants that have the  
20 problems with the state contracts. You're down into  
21 the 15- or 20,000 megawatt range. The prices in that  
22 range are not going to be set generally by armed power  
23 places, but by thermal plants that are operated  
24 presently -- by the thermal plants that are being  
25 purchased by the private industry.

26           I'd like to talk about the efficiency and

1 this kind of things. When new plants come into town,  
2 lower general efficiencies will better reduce prices.  
3 So you're getting on the right track. It's more  
4 complicated than that, but as more power plants come,  
5 the better prices will be.

6 MR. KOLIN: I think one of the unique things  
7 about this project is that it's a partnership. It's a  
8 joint venture between a private company, Enron, and a  
9 public one, Pittsburg Power Company in the city of  
10 Pittsburg. In using that same model by way of  
11 comparison, the enterprise we operate on Mare Island is  
12 currently offering utility rates of 14 percent lower  
13 than PG&E rates. That's the kind of motto we want to  
14 bring to Pittsburg, the same kind of pricing up in  
15 Vallejo we'll be able to achieve here.

16 Pittsburg Power Company will be a wholesale  
17 customer from the power plant. We believe that as a  
18 utility, and we can retail the power to businesses here  
19 in our community.

20 That's one of the exciting things about this  
21 with us, that as a public utility in a local government  
22 is we think we can really translate that benefit that's  
23 available, bring it here.

24 This is Lori Anzini

25 MS. ANZINI: I just want to make a couple  
26 comments, and this is for the Energy Commission also,  
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1 that I can fully say, first of all, Federal Glover, our  
2 vice mayor, was going to be here and speak, but he has  
3 a severe problem with his family right now, and my  
4 thoughts are with him, but I'm here speaking on behalf  
5 of the city council, and maybe Mr. Aiello would like to  
6 speak a few comments.

7               When I first came and city council a few  
8 years ago, I was hesitant at the most -- and Mary can  
9 understand where I was coming from, but she also may  
10 not have also understood -- I was hesitant to even  
11 approach the entrepreneurial part of becoming a  
12 utility. The interesting thing that's come about all  
13 of this is we developed a partnership in energy. We  
14 have become probably one city with the biggest image  
15 right now in being entrepreneurial, and this gives us  
16 opportunity to bring industry, and I am going to say  
17 not having industry, but like industry and even to  
18 industry that's going to be in the fiberoptics and  
19 where you have high-paid jobs, and not always in  
20 technology you have union jobs, but certainly that  
21 industry is going to bring us that kind of company  
22 that's going to take people off of Highway 4, and I  
23 think this is one of the pluses.

24               The other part is, if you look further east  
25 than us, Antioch hasn't played a major part in bringing  
26 industry in their area. You can look at the amount of

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1 houses they have where they've concentrated on  
2 residential. Certainly people would say that we  
3 haven't done that, but we're trying to balance all  
4 acts, and I think the most important thing is that we  
5 bring in jobs to our community that are going to spend  
6 money in our area. And the important thing is to make  
7 sure that we recruit industry that's going to provide  
8 that.

9 I think the common finality in this whole  
10 thing is people say, "Well, how's that going to reduce  
11 my PG&E rate or my rate at my house?" This is not what  
12 we're looking at, because it's going to be physically  
13 impossible us to build at your house, put a wire there  
14 and say, "You're on Pittsburg power." It's impossible.

15 What we want to do is industry recruitment,  
16 and I think that is phenomenal. We've got some  
17 economic development, a highlight through the nation  
18 for doing this, and we're receiving an award for this  
19 within two weeks.

20 I think I can clearly say most of the city  
21 council, if all of us, support the entrepreneurial  
22 part, because we're going to bring back not only he  
23 60 percent, which we will eventually see, because that  
24 has shown in this last three years what's happened  
25 at -- or last year what's happened at Mare Island where  
26 we started with four customers, and we're now up to 15,

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1 and these customers are industrial customers that are  
2 on Mare Island, that there is a great need for this  
3 kind of business, and why shouldn't the city take  
4 advantage of that? Why should be leave it for just  
5 corporations? I think that is an important factor that  
6 we need to do is be up front and say, "We're going to  
7 take advantage of that entrepreneurial part, too."

8 And this benefits the city because you're  
9 going to get some things that we could not think of  
10 creatively to give you, such as getting a truck route  
11 in without bringing taxes up on everybody's property or  
12 doing any kind of investment that way without raising  
13 or bringing taxes for you.

14 So this is one way we can do that besides  
15 provide an area that's all being developed that will  
16 provide a neighborhood friendly area, and I have a --  
17 I've had quite a few dialogues with many of you. I  
18 know a lot of you have a lot of comments about it -- I  
19 guess the project -- or you have a lot of questions,  
20 and I think this is really important for you to come  
21 and speak and ask those questions. Dig hard and ask  
22 those questions, but I really want to encourage you not  
23 to be, don't truss the issue. I think we need the  
24 dialogue to continue for this project to go forward. I  
25 really want the community input.

26 MR. PARQUET: Thank you, Lori.

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1                   JUNE FORSYTH: I was wondering if the truck  
2 route, will that widen the East Eighth Street?

3                   And my second question, you have 60 percent  
4 of the deal and --

5                   MR. PARQUET: Other way around.

6                   JUNE FORSYTH: Oh, you're Enron. You have  
7 40 percent of the deal and Pittsburg has 60 percent. I  
8 understand that the 60 percent that Pittsburg has is an  
9 encumbered percentage, and your 40 percent is an  
10 unencumbered percentage. Could you explain that, what  
11 that means?

12                  MR. PARQUET: I'm not sure. I made a  
13 mistake if I said one was encumbered and one was  
14 unencumbered.

15                  Here's how it works. We have a certain  
16 graph we're using for this project. Right now I sell  
17 power to USS-POSCO, steam to USS-POSCO.  
18 Then we sell power to the market. Put that on an  
19 income statement. Now, you subtract expenses, like  
20 fuel, operation of maintenance, taxes, insurance. You  
21 get a number. You pay a guest service, just like  
22 Chevron.

23                  What we're also doing is go to the hard  
24 market. When we go out and we buy money for the  
25 project, including our own money, no one has the right  
26 to put out any contract, unless it's a fair market

1 value contract. Whether it's Enron selling gas to the  
2 project, Enron providing equity or debt to the project,  
3 there is a market rate for that. So you pay off the  
4 debt, you provide a return to equity and any money left  
5 over is split equally or split 60 percent to the city,  
6 40 percent to Enron.

7 JUNE FORSYTH: Does it describe why the  
8 city's 60 percent is encumbered?

9 MR. PARQUET: I don't know what that means.  
10 I'm not sure where you're --

11 JUNE FORSYTH: The contract. It says  
12 Pittsburg, 60 percent is encumbered.

13 MR. PARQUET: The lady was indicating does  
14 it describe why the city's 60 percent is encumbered and  
15 ours is not encumbered.

16 JIM MacDONALD: It's in writing, sir, that  
17 the city's percentage is encumbered, and yours is not.

18 My understanding is that would be if the  
19 city -- you take out loans and build this facility, the  
20 city will be responsible for payback for this facility  
21 in that the cost of building the facility, the city  
22 will be responsible for the cost of building the  
23 facility.

24 Well, it says "encumbered." I'd like to see  
25 that taken out. What we have is a 40/60 split of the  
26 profit. It should not include encumbered on the city's

1 half and unencumbered on your behalf.

2 MR. PARQUET: I don't know what's being  
3 referred to here. Where's the word encumbered? We are  
4 to evaluate our contracts. That is included in one of  
5 the costs of the contract. A 100 percent of the funds  
6 associated with constructing are either Enron funds or  
7 other participants, but not including any general fund  
8 to the city. Zero general fund to the city. I'd like  
9 to see -- if you could point out to me the words that  
10 are causing this, I'll be happy to respond to that.  
11 There's no encumbrances on the city.

12 Do you have any comments on that?

13 MR. KOLIN: Just let me echo that, in no  
14 time has the city agreed to or understood in any way  
15 that the 60 percent offer of this project would be  
16 encumbered by the project. Instead we've taken steps  
17 to see that it would not be encumbered. To dedicate  
18 that revenue in any other general fund or revenue.  
19 That's one of the stated goals that we have in this  
20 project.

21 I know we're running out of time here, but  
22 we'd be happy to go over in detail with you the section  
23 of the document that seems to be creating confusion.

24 I saw Diane's hand up.

25 Do we have time for one more, or do you want  
26 to head out?

1                   MR. VALKOSKY: Excuse me, ma'am, do you  
2 still want an answer to your question?

3                   JUNE FORSYTH: I want an answer about the  
4 widening.

5                   MR. KOLIN: The question was, will the East  
6 and Third Street be widened as part of the alternate  
7 truck route? The east end of Third Street will not be  
8 widened. That is the portion that is adjacent to the  
9 project site. The portion -- the truck route will be  
10 from Harbor over to the Pittsburg/Antioch Highway.  
11 That is the portion that will be constructed on this  
12 project.

13                   However, we have identified Third Street and  
14 the Harbor intersection as well as the portion of  
15 Third Street, west of Harbor, as a potential  
16 improvement project that can be funded from the  
17 revenues the city receives from this project.

18                   As for improvements to the fiberoptics  
19 infrastructure, the Pittsburg/Antioch Highway, park and  
20 life facilities in the area, we still will benefit from  
21 it, and if we return it to the community and city  
22 council it will help this priority.

23                   MR. PARQUET: One more.

24                   DIANE: My name's Diane Mason, and I work at  
25 USS-POSCO Industries. I worked there for 35. The  
26 plant's been there since 1910, and over the years I've

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1    seen many, many changes.  I first started there we had  
2    a wire rope, and over the years we've closed all those  
3    product lines.  So we'll make steel for years to come.  
4    Years ago we made steel.  We get our materials by ship  
5    from Korea and also from the eastern United States.  We  
6    are in a very turbulent kind of business, you know.  
7    When the economy goes like this (indicating) that's how  
8    we go.  We're not like a software company or high  
9    technology company.  We need to save money any way we  
10   can.  We pay millions of dollars in PG&E right now.  
11   We're the largest company in the county, 5,000 people.  
12   In the early '50s we were down to a thousand people.  
13   We've got to save money where we can.  We'd like the  
14   community's help with USS-POSCO and for the city and  
15   for its residents, because you really need the benefit  
16   for all these, too.

17                   MR. KOLIN:  If I just could indulge on a  
18   question in the audience, I have the language that has  
19   created some confusion.  This is from the alliance  
20   agreement with the city of Pittsburg and Enron Capital  
21   and Trade, and it's contained on page 10 of the  
22   document, Section 6.8.  It describes how the project  
23   profits will be shared for.  There's a clause in here  
24   that reads, "60 percent to the which may be subject to  
25   the claims and Nova Energy Incorporated described in  
26   Section 6.5."



1           Nova Energy is the private sector partner  
2 with the city on Mare Island for our gas and electric  
3 district. We have a straight contracting agreement  
4 with that company. It calls for first claim on our  
5 utility for a line of credit that we have with that  
6 project where a private sector partner advanced their  
7 own money to the city to acquire the system as we have  
8 it. There's a \$1 million line of credit for that  
9 project. The city has drawn under half a million of  
10 that line of credit, and that's what that refers to.

11           It in no way encumbers any other way or  
12 involves Enron Capital and Trade.

13           MR. VALKOSKY: Thank you. At this time I'd  
14 like to thank the applicant for their presentation.

15           We're here to solicit information, and as  
16 far as the Commission's concerned, what we heard is  
17 very interesting. It is, however, in the Commission's  
18 view only the impressions of the applicant, the  
19 impressions of the various plant supporters and the  
20 members of the community here.

21           During the next 12 months our staff will be  
22 examining the allegations about the plant to benefit in  
23 the various attributes in some kind of excruciating  
24 detail.

25           I'd like to assure everyone, anything you've  
26 heard here today is pro or con, which we'll consider

1     evidentiary. At this point, this is very interesting  
2     information and subjective to the rigorous provisions  
3     under all of the Environmental California Qualities  
4     Acts.

5                     With that, unless there is a reason to do  
6     otherwise, I believe we should adjourn, and the buses  
7     are right out front. The bus tour will take  
8     approximately half an hour. We'll reconvene in about  
9     40 minutes or so. Thank you.

10                    (Break taken.)

11                    MR. VALKOSKY: Is there any member of the  
12     public or anybody else who has any further questions  
13     for the applicants concerning their proposal?

14                    JIM MacDONALD: My name is Jim MacDonald.  
15     I'm a resident.

16                    I took the tour. I have one question. I  
17     want to -- I notice there was a two-story house. It  
18     looked like it had a direct line of sight. Has that  
19     been taken into account?

20                    UNIDENTIFIED SPEAKER: That view has been  
21     taken into account. That is one you saw pretty much  
22     the direct line. Specifically a view was analyzed on  
23     Eighth Street very close to that house. We went up and  
24     knocked on the door, went up and took a photograph, but  
25     I think that's one we analyzed. There was a simulation  
26     was done from Eighth Street just about due south of

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1     that.

2                   MR. MacDONALD:   And then on the reclaim  
3     water, what steps have been taken to monitor the water  
4     conditions in the point towers?

5                   MR. PARQUET:   Is Joe here?   Joe Patch?   Can  
6     you answer the question?

7                   MR. PATCH:   The reclaimed water by state  
8     requirements is kind of -- Title 22 defines quality  
9     water, period.   The tower itself is generally on a  
10    scale.   The chemicals used are quality chemicals.   In  
11    other words, it's a constant modifying use of the  
12    plant.   So it's an ongoing process.   The water itself  
13    as it comes full to the Pittsburg facility is high  
14    quality.

15                  JIM MacDONALD:   Do you monitor for  
16    Legionnaires disease?

17                  MR. PATCH:   I'm just a qualified water  
18    specialist.

19                  MR. VALKOSKY:   I'd just like to emphasize a  
20    lot of you heard particular questions, and you  
21    certainly have a right to get the answers for, but a  
22    lot of those will be addressed in upcoming workshops,  
23    but certainly you're free to ask the applicant either  
24    during the session or in its office it will be  
25    maintaining here in the city, or contact Energy  
26    Commission staff.   Right now we're just trying to get

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1 the general idea.

2 JIM MacDONALD: I do have a couple broad  
3 questions I'd like to address.

4 MR. VALKOSKY: Okay. Fine.

5 JIM MacDONALD: One statement was about air  
6 quality. I have problems with the study, even the  
7 study confirms the fact that air quality in this area  
8 does exceed a couple standards.

9 Secondly, the suggestion is that they're  
10 going to drive the PG&E plants out. Currently, PG&E is  
11 in the process revamping of these two plants and market  
12 impact reports I have seen is they're expecting their  
13 output to double under private usage, not drop. So it  
14 will be doubled.

15 Thirdly, I think we need to take a close  
16 look at combined effect. We're talking about a small  
17 increase of power plant over here. Nobody can pass  
18 into out power plant over here. Nobody can pass in the  
19 power plant over there, adding the power plant over  
20 here, the chemical company. I think we need to get a  
21 real close look at combined effect.

22 And fourthly, I think we need to take a look  
23 at the actual air quality here in Pittsburgh. I think  
24 we have a very high particulate matter problem here in  
25 Pittsburgh, and I've seen recent surveys that showed  
26 asthmatic problems in children and adults.

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1 Thank you.

2 MR. VALKOSKY: Sir, well I can't give you  
3 any specific answers to your questions tonight, I can  
4 assure you that during our process all environmental  
5 areas, especially air quality, will be analyzed  
6 thoroughly, and the impacts about the multiple power  
7 plant, you might remember here, is what we refer to as  
8 cumulative, in fact, will also be analyzed.

9 You'll see several variations of that  
10 analysis. The first, I suspect, will be the staff  
11 Preliminary Assessment which will be out in a few  
12 months, and this will be the staff's independent review  
13 of the project, and that will be subject to more  
14 workshops and informal data exchanges and things like  
15 that. That will be followed by yet another staff  
16 analysis, called the Final Staff Analysis, in which the  
17 topics you mentioned will be considered. At that point  
18 we get to go to public hearings, and those that agree  
19 with staff, you come in and support it, bringing in  
20 testimony, formal evidentiary testimony. Those who  
21 disagree with staff or the applicants can also bring in  
22 their own independent evidence, analysis. This is all  
23 part of the wide variety of considerations that  
24 Vice Chair Rohy and Commissioner Moore have to consider  
25 before they reach their decision.

26 What I'm saying is, I think your questions

1 are good ones, and believe me, they will be explored  
2 thoroughly through the process. I want to thank you to  
3 bringing them to our attention tonight.

4 Are there any other comments before we get  
5 into the final portion of today's proceeding, which is  
6 basically an identification of the issues that staff  
7 has noted so far and a scheduling discussion? I have  
8 to warn you the scheduling discussion I suppose is a  
9 primary interest to the Committee, because the  
10 Committee wants 15 days to release the scheduling  
11 order, so we will have some questions on that. We'll  
12 also give the members of the public who are here an  
13 opportunity address any issues they might have.

14 Right now, are there any questions on  
15 anything we've covered so far?

16 Thank you.

17 At this point, I'll turn it over to you,  
18 Ms. Allen.

19 MS. ALLEN: I'll begin with presentation on  
20 the staff issue identification report, which starts on  
21 page 7 of your handout. I planned to spend a bit more  
22 time on these items, but it's late, and we'd all like  
23 to get home to our families, so I'm going to go through  
24 this really quickly and give you more time for  
25 questions.

26 This is the Staff's first stage

1 identification of the issues that we see. We may add  
2 more issues later once we hear more from members of the  
3 public and the various agencies that we're dealing  
4 with. There's a definition of the concept of issues.

5               Next slide, the technical issues areas that  
6 we've identified so far are the six items listed. At  
7 this point we aren't aware of any procedural issues.

8               Next slide. Air quality is an important  
9 area that we all should look at at this fuel burning  
10 plant. We've identified five major areas within the  
11 air quality technical area: Offset, particulate matter  
12 emissions, cumulative impact analysis, air dispersion  
13 modeling, and the best available patrol technologies.

14              The second part of that slide indicates how  
15 we'll be working with the air district and closing in  
16 their conclusions into our schedule.

17              Next slide. As far as biological resources,  
18 we'll be working with the U.S. Army Corps of Engineers  
19 on a determination of potential wetland status. In the  
20 winter and spring there was a wet area that was  
21 adjacent to the power plant site. We need to determine  
22 the existence of sensitive species in that area that  
23 had a lot of standing water on it during that period.  
24 We'll be working with the Corps and the applicant on  
25 that determination.

26              The street that also raises an agreement

1 item relates more to the linear facilities that the  
2 applicant has planned in terms of whether there will be  
3 any impact on streambeds and sloughs. They plan to do  
4 some horizontal drilling to get the linear facility  
5 pipes underneath the sloughs. So we'll be dealing with  
6 the Department of Fish and Game to determine if there  
7 are any impacts that need to be dealt with.

8 The third item just relates to our  
9 coordination with them as far as being able to fold  
10 their conclusions into our 12-month process.

11 Next slide. As far as transmission system  
12 engineering, we'll be dealing with the California ISO,  
13 which has emerged as a new entity since California's  
14 electricity system went to the market structure with  
15 the deregulation of the existing utilities.

16 PG&E's interconnection study is due in  
17 October.

18 We expect to file the PSA by January 11.  
19 That's the Preliminary Staff Assessment. The Final  
20 Staff Assessment by March 12th. So we need to have the  
21 transmission conclusions soon in order to be able to  
22 analyze them.

23 As far as water and soil resources, we're  
24 looking at the capacity of the Delta Diablo facility to  
25 be able to handle waste water, the discharge of the  
26 plant and the cumulative impact of other planned

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1 projects, such as Calpine's plant.

2 The public health area, we'll be looking  
3 at -- excuse me, I'm on -- I'm on the wrong slide here.

4 As far as noise, we'll be looking at the  
5 project's potential impact on nighttime noise levels as  
6 far as its impact on nearby residences.

7 We'll also be looking in the public health  
8 area at any possible impact with emissions that retain  
9 reclaim waste water. Our public health specialist  
10 cautioned me to say that at this point it looks as if  
11 there's no need for concern, but he will be researching  
12 this area. His preliminary conclusion is contained in  
13 the issue identification report. At this time he  
14 thinks it looks like it won't be a problem.

15 That concludes the summary of the  
16 preliminary technical conclusions.

17 Stan, the next slide is schedule. Did you  
18 want to talk about that?

19 MR. VALKOSKY: Yes, I'd like to talk about  
20 that.

21 The slide you see on the board before you is  
22 a scheduled that was attached as part of the issue  
23 identification report. There were also separate copies  
24 of the schedule that were at least available on the  
25 table. I don't think anything would be served by  
26 asking us to labor this today. The Committee does,

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1    however, and since I mentioned it, it has to issue a  
2    scheduling order.  It does have certain questions it  
3    wants answered.  So what I would like the parties to  
4    do, especially staff and any other parties welcome is,  
5    I'm going to give you written responses to them by a  
6    week from today.  If you could just file that with the  
7    Committee and all these questions are involving the  
8    schedule.  These answers will assist the Committee in  
9    drafting its proposed schedule.

10               The first question is, is there a date, and  
11    if so, when, for the determination from the California  
12    Independent System Operator on the connection study?  
13    That's one day we found that's difficult.  That's one  
14    day that is missing from the proposed schedule.

15               Second, based on staff's issue  
16    identification report, there is some ambiguity as to  
17    when the applicant will make its filing with the Army  
18    Corps of Engineers.  The Committee would be interested  
19    in knowing when applicant intends to make that filing  
20    and also the expected timeline for the Corps'  
21    determination.  Again, that could affect the overall  
22    project status.

23               In the same vein, staff raises questions  
24    about initiation of stream with the California  
25    Department of Fish and Game.  We'd like applicant's  
26    reaction as to a specific time we are going to initiate

1     that project, and also when the Committee makes that  
2     determination from Fish and Game.

3                 Next, there is apparently some uncertainty,  
4     at least in staff's papers, as to when applicant will  
5     select waste water discharge from that facility. We,  
6     for the record, propose you select a committee. The  
7     Committee would like to know when that committee will  
8     meet.

9                 And in concert with that, staff also  
10    indicates that Regional Water Quality Control Board  
11    action may be required, and if so, two questions: Will  
12    such action be rewarded, and if so, when can the  
13    Committee expect some resolution by the board?

14                And next couple of questions I think are  
15    more properly directed at staff.

16                You seem to indicate in your identification  
17    report that cumulative impacts came in issue. What I  
18    would like to know -- and you can defer this to your  
19    written submittal -- what are your intentions for the  
20    cumulative impact analysis in both Preliminary and  
21    Final Staff Assessments in terms of the scope of the  
22    assessments?

23                The second part of the question will be  
24    what, if any, part does the timing of the potential  
25    Calpine filing play in the scope of this cumulative  
26    impact assessment?

1                   One quick question that you can answer  
2   today. Is there any involvement with the shoreline  
3   area?

4                   MS. ALLEN: No.

5                   MR. VALKOSKY: No?

6                   MS. ALLEN: No. The project is sufficiently  
7   out of the shoreline area. The BCDC's areas are taking  
8   over it.

9                   MR. VALKOSKY: Okay. Is there any confusion  
10  over the questions that need any clarification? If so,  
11  you can see me after the hearing.

12                  Okay. Again, the responses to those  
13  questions for the Committee, you can file them a week  
14  from today, which will be the 11th.

15                  Are there any other matters that anyone here  
16  present wishes to bring to the Committee at this time?  
17  Are there any comments?

18                  ALLEN: My name is Allen, a mechanical  
19  engineer, lives over in Concord, got some background in  
20  different energy fields. I looked at the schedule you  
21  have here. A year ago I was reading how one of Enron's  
22  competitors proposed a power plant not too much smaller  
23  than this plant that took much less than a year. The  
24  Committee process here seems maybe longer than it needs  
25  to be. Look at the what other technology brings in.

26                  I missed some of the earlier presentation,

1 but I know that the boilers -- they'll be back down to  
2 U.S. standards, near as clean as this plant is, along  
3 with some replaced by this plant. So there can be  
4 significant environmental benefits getting this plant  
5 in faster if it's possible.

6 Has the Commission looked at any of that and  
7 how to resolve that process?

8 MR. VALKOSKY: Sir, the Commission always  
9 attempts to do things in as efficient and expeditious  
10 manner as possible. I will note that the staff has in  
11 its report has deadlines to go by, and basically what  
12 it comes down to is, if everybody comes and cooperates  
13 and stays within the deadlines, we might get done ahead  
14 of schedule. We don't know at this point. If  
15 everything is as advertised, if there are no  
16 environmental problems, if everything is mitigable to  
17 everybody yeah, the process to happen more quickly. We  
18 don't know that at this point.

19 Okay. Anything else for anyone?

20 Ma'am?

21 PAULETTE LAGANA: Paulette Lagana. I asked  
22 Eileen Allen earlier. I'm sure many of us were here  
23 during this presentation and the site visit may have  
24 questions that we would like answered at tomorrow's  
25 workshop. As was pointed out earlier, is there away  
26 that we can fax some questions or responses or comments

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1 so that that will be part of the meeting tomorrow? I  
2 mean, if you could see the response you had here  
3 tonight and you don't see that response tomorrow, I  
4 hope you don't interpret that as a lack of interest.  
5 Perhaps as a lack of scheduled time that people were  
6 allowed to attend that meeting. So is there a way that  
7 we could make comments and enter that into the public  
8 record? By the way, tomorrow, is that public record?  
9 Does that have to be written? Do people have to be  
10 there? Can those responses be taken as verifiable?

11 MS. MADONZA: What you can do -- it's  
12 (916) 654-4493. I will not be in the office before the  
13 hearing tomorrow, but I will be happy to take any of  
14 your questions and submit them to documents, and so  
15 your opinions and comments will not be overlooked.  
16 They won't be necessarily addressed tomorrow.

17 In the future as long as it's 24 hours  
18 before the hearing, I would more than likely be in the  
19 office and be able to.

20 PAULETTE LAGANA: Is there a way for us to  
21 find out the questions that were addressed?

22 MS. MADONZA: She's worried about the  
23 written record for tomorrow.

24 MS. ALLEN: The questions that the staff has  
25 asked, called data requests, are posted on the Energy  
26 Commission's web page. Then I can also send a hard

1 copy.

2 MS. MADONZA: The city of Pittsburgh is  
3 entrepreneurial and innovative.

4 If you fax me your questions, I will get  
5 them and relay them. Area code (925) 439-4851.

6 MR. VALENTINE: Allen Valentine.

7 What role, if any, will the PUC have in  
8 any -- if it's opened and operated, what role will they  
9 have in determining what's going to be?

10 MR. VALKOSKY: This will be what we  
11 considered a merchant plant, which means that no money  
12 from the investment owned utility will be used toward  
13 the capitalization of maintenance of this plant. In  
14 other words, the PUC will have no role in this.

15 I'm reminded that insofar as insuring the  
16 conditions we can eventually impose upon the plant are  
17 met, the Energy Commission doesn't have what -- in  
18 other words, what we discussed. Typically what happens  
19 in a project like this is that we will impose noise  
20 emissions, which will sure that the local noise  
21 ordinances are met. To make sure that those are met,  
22 we have our compliance unit. For example, such as  
23 noise, there is a provision in it where if local  
24 residents still feel the project is not operated, you  
25 can then make a complaint with the Energy Commission's  
26 compliance unit. The Energy Commission's compliance

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1 unit will then take a variety steps of to ensure they  
2 could ban the noise. That's something that we do.

3 Any other matters that anyone wants to  
4 raise?

5 Okay. With that, I'm sure you'll be seeing  
6 more of the Energy Commission personnel more around  
7 here than you want in the next few months, and I thank  
8 you for your attendance and participation tonight.

9 We're adjourned.

10 (Whereupon, the proceedings were adjourned  
11 at 8:34 P.M.)

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1 REPORTER'S CERTIFICATE

2 STATE OF CALIFORNIA )  
3 COUNTY OF SOLANO ) ss.

4 I, JANENE R. BIGGS, a Certified Shorthand  
5 Reporter, licensed by the state of California and  
6 empowered to administer oaths and affirmations pursuant  
7 to Section 2093 (b) of the Code of Civil Procedure, do  
8 hereby certify:

9 That the proceedings were recorded  
10 stenographically by me and were thereafter transcribed  
11 under my direction via computer-assisted transcription;

12 That the foregoing transcript is a true  
13 record of the proceedings which then and there took  
14 place;

15 That I am a disinterested person to said  
16 action.

17 IN WITNESS WHEREOF, I have subscribed my  
18 name on September 14, 1998.

19

20

21 Janene R. Biggs

22 Certified Shorthand Reporter No. 11307

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26